



Nantucket Sound Seafood, LLC

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January 12th, 2015

To: Atlantic Capes Fisheries, Inc.
140 Waldron Road
Fall River, MA 02720
c/o Attorney Stephen Ouellette

Re: Nantucket Sound Seafood, LLC
F/V Seafox
Federal Clam Cage Inventory

Nantucket Sound Seafood, LLC and F/V Seafox are in collective possession of 37 Federal Clam Cages. As has been presented and accepted in court, NSS began operations with 14 Cages and has purchased an additional 14 Cages, totaling 28 Cages in circulation. Most cages that have originated with or from NSS and have entered into circulation are blank and without any form of identification. Some NSS Cages have NSS painted on the Cage. There are both "original purchaser identified" Cages as well as "unidentified" Cages in circulation throughout the industry, as well as a significant number of Cages that exist, but are no longer circulating in the fishing industry at all. When NSS Cages were purchased, and based on typical Cage circulation and use throughout the industry, NSS did not prioritize any "branding" of these Cages as it seemed completely unnecessary. The Cages are freely exchanged throughout the fishing, transportation and processing arenas of the industry.

Seeking out the actual 28 Cages that NSS owns would be impossible based on the nature of Cage circulation throughout the industry, which is comprised of thousands of Cages. NSS, as a processor, has utilized third party trucking services that transport Cages for multiple processors, as well as has purchased clam product from multiple third party fishing vessels that supply product to multiple processors. The 28 Cages that NSS has in circulation have been diluted throughout the industry, which is inevitable and completely acceptable to NSS. Consequently, the dilution of Cages throughout the industry between the other processors is also inevitable and acceptable, based on the testimony of your client. This practice is commonplace; and therefore, it should not be surprising that NSS is in possession of Cages with markings of other processors.

Based on the court order, NSS and Seafox, on Sunday, January 11th, 2015 conducted a full inventory of Cages in possession, which has resulted in the following:

Marked Sea Watch International Cages:	11
Marked Surfside Products Cages:	13
Marked Eastern Shore Seafood:	2
Unmarked/NSS Cages:	11

Over the course of operating, NSS has non-maliciously accumulated Cages in addition to those that have been purchased. This has occurred as a result of trucking companies leaving extra cages

Regarding other Cages that bear markings from other processors, NSS is willing to proceed in one of two ways that should be acceptable to your client, assuming "marked" Cage return is, and has been, the goal of this suit, and not a pursuit of damage to NSS.

1. NSS has 28 Cages in circulation. Once the 9 additional Cages have been delivered, the case is settled.
 - a. This falls in line with the way in which the industry operates.
 - b. This is the simplest and least invasive path forward.
2. NSS and Atlantic Capes Fisheries, Inc. agree to swap all marked Cages for the same balance of unmarked Cages.
 - a. Cages must be in comparable quality and usability.
 - b. While NSS is willing to participate in this option, we hope that each side can agree that swapping Cages for Cages is an extremely inefficient use of time and energy.
 - c. While NSS is willing to participate in this option, the exercise will ultimately be futile considering that regular business practices will result in Cages being distributed back into circulation throughout the industry very quickly.

Our goal is to settle this case, and move forward in an amicable fashion. Based on your knowledge of the industry, the Cage circulation that you define and identify in your client's testimony, we anticipate that the return of 9 Cages will be a sufficient solution to the problem that you have outlined.

Please see attached photos: *** 26 Cages Shown / 11 Additional On Seafox = 37 Total

